Syllabus

Concepts, terminology, principles, theories, and issues to be used for the study of personal finance and financial planning from a planner’s perspective.

Course Objectives:
The primary objective of this course is to give the student an understanding of how to do actual financial planning and integrate the theory and practice of personal finance. This will entail learning the skills of:
1. Planning basics with preliminaries necessary to perform personal financial planning
2. Basic household operations with financial statements analysis, cash flow planning, and debt planning
3. Financial investments with specialized planning such as insurance, and retirement planning
4. Essential elements with tax planning and estate planning.
5. Planning essentials with stocks, bonds, and mutual funds.

Textbook:

Student Evaluation:
Achievement of these objectives will be measured as follows:
- Exam 1 20%
- Exam 2 20%
- Homework assignments 25%
- Class Participation & Attendance 10%
- Final Exam 25%

Class Format:
The class will consist of weekly lectures, class discussion, and review of the assigned reading and assigned homework questions. It is vital that students read the class assignments and complete the homework assignments, in order to keep up with the class and participate in class discussion. In general, a typical class routine will be:
1. Review of homework, and clarifications of previous lectures/reading.
2. Lecture relating to the new assigned reading.
3. Class discussion of the new assigned reading and lecture.
Student Evaluation

Evaluation

- Examinations will consist mostly of multiple-choice questions. Other types of questions may be included, such as short essay questions, however these will comprise only a small portion of the exam.
- The homework is mandatory, and must be turned in by the assigned time. Late assignments are not accepted. Do NOT wait until the very last minute, in case something happens to the computer or your internet connection. Plan on spending at least an hour or two to complete these assignments.
- The class participation grade will be based on a student’s preparedness and willingness to discuss the homework assignments and assigned readings, and his/her overall contribution to class discussions. The instructor may assign some homework problems out of the book; these will be discussed in class, and will be part of your class participation grade.
- Grades will typically be scored on a scale of: 90-100 = A; 80-89 = B; 70-79 = C, 60-69 = D; < 60 = F. However, the instructor may use a grading curve, which will only improve (never reduce) students’ scores. This curve will apply to the final grades only, however the instructor will explain how the curve might apply to individual exams.
- Provisions for missed exams may be made for extraordinary situations, on a case by case basis, at the instructor’s sole discretion. Students who may miss an exam should make every effort to inform the instructor prior to the exam.

Attendance

Regular class attendance is expected, and poor attendance may reduce a student’s class participation grade. Students are responsible for material missed due to absence and it is their responsibility to consult with the instructor on such matters. The student is responsible for formal withdrawal from the course should such action be required. However, if the student has missed more than six (6) hours of class before the official withdrawal date, has not given the instructor written notice of their intention to complete the course requirements, and does not attend class and take examinations after the withdrawal date, the student will be dropped from the class and receive a W.

Academic Honesty

Cheating in any form will not be tolerated. Any student discovered cheating on an examination will be dropped from the course and receive an F, and if deemed necessary, the matter will be forwarded through the channels prescribed in the SGT Student Handbook.
## Course Descriptions

### Planning Basics
It provides students with basic introduction to perform personal financial planning (PFP) and some of its most important topics such as PFP process, details of a financial plan, time value of money.

Weeks 1 & 2  
- More details...

### Household Finance
It provides students with the basic of financial planning theory with two major themes: the household enterprise with its businesslike characteristics and decision making that integrates all assets and obligations.

Weeks 3 & 4  
- More details...

### Basic Household Planning
There is an extensive discussion of the financial statement analysis, cash flow planning and debt planning. The knowledge of daily household operations and planning will set the stage for more sophisticated analysis.

Weeks 6 & 7  
- More details...

### Financial Investments
Through examples, students examines the choice to save and invest the money, keeping it in reserve for future deployment. The students then explore how to employ the financial vehicles such as stocks, bonds, and mutual funds.

Week 9  
- More details...

### Specialized Planning
There is a simple, intuitive exposition of how analytical tools and knowledge affect particular PFP areas such as insurance and retirement planning.

Weeks 10 & 11  
- More details...

### Essential Elements
There are a full treatment of (1) tax planning, and (2) estate planning.

Weeks 12 & 13  
- More details...

### Planning Essentials
This explores how elaborating on material presented in conceptual form in financial investments chapter. Each of the three subtopics will be described and methods of evaluating them will be presented.

Week 14  
- More details...
### Planning Basics

#### Topic Summary

It provides students with basic introduction to perform personal financial planning (PFP) and some of its most important topics such as PFP process, details of a financial plan, time value of money.

**Weeks 1 & 2**

#### Topic 1:
1. Understand what PFP is and how it works
2. Place goals at the head of the PFP process
3. Develop familiarity with PFP’s financial and personal frameworks
4. Understand the specific role of financial planning and the financial plan as a comprehensive integrated process.

#### Topic 2:
1. Develop a working understanding of compounding
2. Apply time value of money principles in day-to-day situations
3. Calculate values of given rates if return and compounding periods
4. Compute returns on investments for a wide variety of circumstances
5. Establish the effect of inflation on the purchasing power of the dollar

### Homework:

- Chapter I— Background (Altfest (pp.19-20))
- Chapter II— Problems (Altfest (pp. 40-41))
- Chapter II— Time Value of Money (Altfest (p.42))
- Chapter I— Suggested Projects (Keown (p.25))
- Chapter III— Suggested Projects (Keown (p.85))
Household Finance

Topic Summary
It provides students with the basic of financial planning theory with two major themes: the household enterprise with its businesslike characteristics and decision making that integrates all assets and obligations.

Weeks 3 & 4

**Topic 3:**
1. Apply household finance and its economic and financial underpinnings to improve PFP
2. View the household as a functioning enterprise
3. Start to apply business thinking to PFP
4. Put into use in personal financial decision making cost of time and life cycle theory principles
5. Differentiate various types of household outlays
6. Begin to understand PFP theory and total portfolio management

**Homework:**
- Chapter IV— Household Finance (Altfest (p. 92))
- Chapter XVIII— Suggested Projects (Keown (p.614))

**Exam 1 preparation**

**Course Instructor:**
VO ANH DUNG, MBA
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Basic Household Planning

Topic Summary

There is an extensive discussion of the financial statement analysis, cash flow planning and debt planning. The knowledge of daily household operations and planning will set the stage for more sophisticated analysis.

Weeks 6 & 7

Topic 4:
1. Recognize the importance of financial statements to PFP
2. Produce and evaluate a balance sheet
3. Construct a cash flow statement
4. Compare finance and accounting-based techniques

Topic 5:
1. Apply cash flow analysis to household finance
2. Treat cash flow planning as a central activity in PFP
3. Utilize budgeting techniques effectively
4. Develop savings approaches
5. Employ financial ratios as an evaluation method

Topic 6:
1. Develop debt strategies
2. Understand the many facets of debt
3. Calculate and comprehend the rates charged on loans
4. Identify the factors that enter into selecting credit
5. Evaluate a fixed-rate versus a variable-rate mortgage
6. Specify the advantages and disadvantages of a credit card loan
7. Interpret debt financial ratios

Homework:
• Chapter V— Financial Statements Analysis (Altfest (p.118))
• Chapter VI— Problems (Altfest (pp. 135-136))
• Chapter VI— Cash Flow Planning (Altfest (p.137))
• Chapter VII— Problems (Altfest (pp.168-169))
• Chapter VII— Debt (Altfest (p.171))
• Chapter II— Suggested Projects (Keown (p.85))
• Chapter VI— Suggested Projects (Keown (p.190))
• Chapter VII— Suggested Projects (Keown (p.221))
• Chapter VIII— Suggested Projects (Keown (p.264))

Exam 2 preparation

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Financial Investments

Topic Summary
Through examples, students examines the choice to save and invest the money, keeping it in reserve for future deployment. The students then explore how to employ the financial vehicles such as stocks, bonds, and mutual funds.

Week 9

Topic 7:
1. Make better choices by recognizing that household assets and investment planning are broader than believed
2. Differentiate a typical household cost from a capital expenditure
3. Become more effective in decision making by employing TPM
4. Benefit from linking household outlays on durable goods with business capital expenditures
5. Apply the methods of calculating returns on capital expenditures

Topic 8:
1. Apply risk and return principles to investments
2. Develop an overall asset allocation
3. Evaluate the factors that enter into investing in financial assets
4. Relate financial investing to overall household operations
5. Distinguish among investment alternatives

Homework:
- Chapter VIII—Problems (Altfest (pp.208-209))
- Chapter VIII—Capital Expenditures (Altfest (p.211))
- Chapter IX—Problems (Altfest (pp.251-252))
- Chapter IX—Financial Investments (Altfest (p.253))
- Chapter V—Suggested Projects (Keown (p.160))
- Chapter XI—Suggested Projects (Keown (p.375))
- Chapter XII—Suggested Projects (Keown (p.406))

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Specialized Planning

**Topic Summary**

There is a simple, intuitive exposition of how analytical tools and knowledge affect particular PFP areas such as insurance and retirement planning.

Weeks 10 & 11

**Topic 9:**
1. Determine when insurance should be used
2. Describe the role property and liability insurance has in managing potential losses in real property and legal liability
3. Indicate how personal insurance can reduce losses in human exposures
4. Explain how significant the federal and state governments are in limiting risks

**Topic 10:**
1. Recognize the importance of planning for retirement
2. Evaluate retirement savings structures
3. Weigh the advantages and disadvantages of pensions as compared with personal savings vehicles
4. Summarize the retirement planning process
5. Identify and describe the risks that can affect retirement planning
6. Contrast pre- and postretirement alternatives when shortfalls in capital needs become apparent.

**Homework:**
- Chapter XI— Problems (Altfest (p.314))
- Chapter XI— Other Insurance (Altfest (p.317))
- Chapter XII— Problems (Altfest (p.343))
- Chapter XII— Retirement Planning (Altfest (p.346))
- Chapter IX— Suggested Projects (Keown (p.315))
- Chapter X— Suggested Projects (Keown (p.343))
- Chapter XVI— Suggested Projects (Keown (p.548))

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Essential Elements

There are a full treatment of (1) tax planning, and (2) estate planning.

Weeks 12 & 13

**Topic 11:**
1. Discuss the widespread role of taxation in PFP
2. Develop a knowledge of key tax-planning strategies
3. Compare the tax benefits of major investment vehicles
4. Understand and complete tax return

**Topic 12:**
1. Determine what estate planning is and how to employ its key topics
2. Conclude that estate planning isn’t only for the rich
3. Recognize the merits of having a will
4. Establish the steps in an overall estate plan
5. Develop several tax reduction strategies
6. Assess the advantages and disadvantages of many estate planning tools

**Homework:**
- Chapter XIV— Problems (Altfest (p.396))
- Chapter XIV— Tax Planning (Altfest (p.398))
- Chapter XV— Problems (Altfest (p.435))
- Chapter XV— Estate Planning (Altfest (p.439))
- Chapter IV— Suggested Projects (Keown (p.126))
- Chapter XVII— Suggested Projects (Keown (p.575))
Planning Essentials

Topic Summary
This explores how elaborating on material presented in conceptual form in financial investments chapter. Each of the three subtopics will be described and methods of evaluating them will be presented.

Week 14

Topic 13:
1. Illustrate the characteristics of bonds, stocks, and mutual funds more fully
2. Calculate the value of a bond and bond yields
3. Compute the value of a stock
4. Differentiate between fundamental and technical stock analysis
5. Develop a logical approach to selecting individual mutual funds

Topic 14:
1. Better apply key economic concepts
2. Determine the contribution and regulation of major financial institutions
3. Assess the advantages and disadvantages of alternative forms of business entities
4. Recognize important concepts of business law

Homework:
- Chapter XVI— Problems (Altfest (pp.474-475))
- Chapter XVII— Problems (Altfest (pp.498-500))
- Chapter XIII— Suggested Projects (Keown (p.438))
- Chapter XIV— Suggested Projects (Keown (p.472))
- Chapter XV— Suggested Projects (Keown (p.508))

Review
Final Exam preparation

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